



## Testimony of Connecticut Fund for the Environment

Before the Energy & Technology Committee

*Concerning:*

**Raised Bill 415, AN ACT CONCERNING THE OPERATIONS OF THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION, THE ESTABLISHMENT OF A COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY PROGRAM, WATER CONSERVATION AND THE OPERATIONS OF THE CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY.**

Submitted by  
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*Connecticut Fund for the Environment ("CFE") is a non-profit environmental organization with over 5,400 members statewide. The mission of CFE is to protect and improve the land, air and water of Connecticut and Long Island Sound. For more than twenty-five years, CFE has used legal and scientific expertise to bring people together to achieve results that benefit our environment for current and future generations.*

Senator Fonfara, Representative Nardello and members of the Committee, Connecticut Fund for the Environment is pleased to have the opportunity to offer the following testimony on Raised Bill No. 415.

**Section 11:** This section directs the electric distribution companies to submit to DEEP on a tri-annual basis a plan to implement all cost-effective energy efficiency programs. CFE enthusiastically supports this section. Connecticut recognizes that energy efficiency is a critical and essential element to building and sustaining a thriving, robust economy. Accordingly, the state has established ambitious, but necessary, goals in this regard. If we wish to ensure that we reach those goals, it is crucial that we plan methodically so that we can chart progress, anticipate shortfalls and make timely corrections to keep us on track.

**Section 51:** As written, this section retains existing statutory language that places a cap of \$500,000 on Energy Efficiency Fund expenditures for oil-heated homes. CFE recommends removing the cap to allow equal treatment of homes under the Energy Efficiency Fund's Home Energy Solutions (HES) program. Providing energy efficiency services to oil-heated homes is

more important than ever given that the price of home-heating oil is at record levels, while federal funds to support heating assistance have dropped precipitously. In addition to oil customers, limiting program expenditures for oil-heated homes negatively impacts HES vendors, individuals and firms that work in the HVAC field, and home performance contractors and limits the ability of the home performance industry to grow within the state.

**Section 54:** This section modifies Connecticut's Green Building Tax Credit by limiting the aggregate amount of tax credits that may be issued to any one project to eight million dollars. CFE strongly opposes this section. We are particularly concerned that this unfairly penalizes developers who have already acted in reliance upon the Green Building Tax Credit by investing in the construction of LEED Gold or Platinum certified buildings in the state. In addition to being unfair to eligible projects already completed or underway, changing the rules midstream sets a bad precedent that will deter future green building projects by undermining the confidence of developers that anticipated incentives for which they qualify will actually materialize.

Finally, this change will have no beneficial impact on the state's budget since the total amount of Green Building Tax Credits available under the incentive program is already capped at \$25 million.

**Section 56:** This section authorizes the establishment of a Property Assessed Clean Energy program for commercial buildings. CFE fully supports both residential and commercial PACE programs as an effective way to expand financing opportunities for energy efficiency improvements and the deployment of distributed renewable energy resources.

CFE does, however, have some suggested modifications to the current language that we believe will strengthen the program and position it to more effectively fulfill its purpose.

First, we recommend that specific language be added that unambiguously allows for the establishment of a statewide PACE program, in addition to authorizing such programs at the municipal level. Allowing for a statewide PACE program will help to ensure sufficient scale to support bond issuances significant enough to attract the attention of the secondary financial markets.

Second, CFE recommends deleting the first sentence in section (h) lines 3031-3032, regarding prepayment penalties. While CFE takes no position on the desirability of such a clause, we feel that such details are better left to the specifics of program design promulgated by PACE entities rather than being included in enabling legislation.

**Section 57:** This section modifies existing PACE enabling legislation limit it to certain residential properties, essentially leaving in place PACE enabling legislation for residential properties that is parallel and complementary to the commercial PACE language established in Section 56.

CFE fully supports the continuation of PACE enabling legislation targeted to the residential sector. We are confident that the difficulty that residential PACE programs currently face with respect to certain issues raised by federal mortgage entities will be resolved in favor of PACE residential assessments. Connecticut should position itself to be able to move forward quickly when that eventuality occurs.

In that regard, we recommend one additional change to the existing statutory language regarding residential PACE assessments. Specifically, we recommend “cleaning up” the language in the existing enabling legislation and deleting the existing reference to subordinating the lien to prior mortgage holders found in subsection (i) of that statute, thus:

“(i) Assessments levied pursuant to this section and the interest and any penalties thereon shall constitute a lien against the qualifying real property on which they are made until they are paid. Such lien shall be levied and collected in the same manner as the general taxes of the municipality on real property, including, in the event of default or delinquency, with respect to any penalties and remedies and lien priorities], **provided such lien shall not have priority over any prior mortgages]**.

Retaining such language will effectively prevent any residential PACE program from moving forward in Connecticut.

Finally, as with the commercial PACE program established in section 56, we recommend that specific language be added that unambiguously allows for the establishment of a statewide PACE program, in addition to authorizing such programs at the municipal level. Allowing for a statewide PACE program will help to ensure sufficient scale to support bond issuances significant enough to attract the attention of the secondary financial markets.

**Section 72:** This section explicitly authorizes the Connecticut Clean Energy Authority (formerly CEFIA) to issue bonds to support its mission. CFE fully supports providing the Clean Energy Authority with this tool, which we believe will assist it establishing robust, statewide financing programs for energy efficiency retrofits to existing buildings and the deployment of clean, renewable energy technologies.

Thank you for the opportunity to comment.

